

9 June 1961

MEMORANDUM FOR: Chiefs of Support, CS Divisions and Staffs  
Director of Communications  
Director of Training

SUBJECT : Sale of Automobiles and Other Property by  
Personnel Stationed Abroad.

1. The U. S. Internal Revenue Service considers that any profit realized through the sale of automobiles or other property (electrical appliances, furniture, jewelry, etc.) by U. S. personnel stationed abroad is income in the category of a capital gain on which tax must be paid. (Likewise, gains realized through currency conversions are taxable as income.) the IRS learns of such sales abroad, including prices received, through direct inquiry to official installations or through other means. When it learns of a sale in which a profit was probably made a check is made of the individual's U. S. income tax return to determine whether a capital gain was reported and tax paid on the resulting income.

2. The IRS has learned that the individual(s) listed on the attachment sold some personal property while stationed abroad. IRS has asked this Agency to provide the current U. S. address of the person(s) listed and the Agency feels obliged to comply with the request. The response will be made in a secure manner to cleared officials of the IRS. Please bear in mind that we are being asked to supply current addresses only where the IRS failed to acquire a U. S. address when it acquired information on a sale. Therefore, there probably are other sales which have not been brought to our attention.

3. Please verify or complete the address(s) which the Office of Personnel provided, and let us know by 20 June 1961 if there is any discrepancy. If there are any security or cover problems involved, please note them in your reply and the Office of the General Counsel will give them special handling.

4. The IRS gave publicity to its interest in sales of the type described in February 1961. The Foreign Service covered the topic in its March 1961 news letter. We propose to include an article on the subject in the next issue of the Support Bulletin. In addition to the information outlined above, we will include the suggestion of the General Counsel that persons who have made profit-making sales and not reported them, do so now by filing an amended tax return for the years in which the income was realized. We shall also point out that it is possible, for instance, that the property sold was quasi-personal. In such case the General Counsel advises that the individual probably should not report such sales for income tax purposes and when and if the IRS questions the transaction the General Counsel requests he be promptly notified. A certification by the General Counsel to a cleared official of IRS as to the circumstances of the sale would enable the matter to be resolved.

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